

**SCHOOL DISTRICT**

**OF**

**LAKE COMO**

**LAKE COMO BOARD OF EDUCATION  
LAKE COMO, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**LAKE COMO BOARD OF EDUCATION**

**LAKE COMO, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**PREPARED BY**

**LAKE COMO BOARD OF EDUCATION  
FINANCE DEPARTMENT**

# LAKE COMO SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**

**Lake Como Board of Education  
P.O. Box 569  
Belmar, NJ 07719  
732-681-8888**

November 1, 2012

Honorable President and  
Members of the Board of Education  
Lake Como School District  
County of Monmouth

Dear Board Members:

The comprehensive annual financial report of the Lake Como School District for the Fiscal Year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Lake Como Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Lake Como District is a non-operating District. The district sends students to various K through 12 schools for regular and special education. There were 230 students in the 2011-2012 school year and 223 students in 2010-2011.

The economy of the Borough of the Lake Como is stable. The business district consists of restaurants, professional offices and retail establishments. The population increases in the summer and decreases for the remainder of the year.

During the 2011/2012 school year, the Lake Como Board of Education consisted of a nine member Board of Education, due to the resignation of 3 board members, as of June 30<sup>th</sup> there were only 6 board members actively serving on the Board. The Board had advertised for replacement board members and appointed 3 new board members in October 2012. The expenses of the district are managed by strict quality control methods, to ensure compliance with applicable laws and regulations according to GAAP. Revenues and expenditures are monitored to review cost analysis on appropriations approved by the voters of the community.

Sincerely,

*Loretta Hill*

Loretta Hill  
Business Administrator/  
Board Secretary

## LAKE COMO BOARD OF EDUCATION

## ROSTER OF OFFICIALS

JUNE 30, 2012

Megan Byrne	2013
Jacquelyn DeVoti	2012
Deborah Hilliard	2012
Barbara Carol Hope	2014
Joseph Oleszkiewicz	2013
Dawn Taylor	2014

Loretta Hill

School Business Administrator

**LAKE COMO BOARD OF EDUCATION****CONSULTANTS AND ADVISORS****Audit Firm**

Robert A. Hulsart and Company  
2807 Hurley Pond Road  
P.O. Box 1409  
Wall, NJ 07719

**Attorney**

Carroll & Weiss  
3131 Princeton Pike  
Bldg. 1B  
Lawrenceville, NJ 08648

**Official Depository**

TD Bank  
Warren Avenue  
Spring Lake Heights, NJ 07762

**Insurers**

N.J. School Boards Association Insurance Group  
450 Veterans Drive  
Burlington, NJ 08016

Boynton & Boynton  
21 Cedar Avenue  
Fair Haven, NJ 07704

## **FINANCIAL SECTION**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Lake Como School District  
County of Monmouth  
Lake Como, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lake Como School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lake Como Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Lake Como Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2012, on our consideration of the Lake Como Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 6 through 11 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake Como Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

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Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

November 1, 2012

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**LAKE COMO SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The discussion and analysis of Lake Como School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

**Financial Highlights**

Key Financial highlights for the 2011-2012 fiscal year are as follows:

- General revenues accounted for \$3,482,978 in revenue or 100% percent of all revenues.
- Total assets of governmental activities increased by \$41,863.
- The School District had \$3,463,716 in expenses; \$22,601 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$3,482,978 were adequate to provide for these programs.
- The General Fund had \$3,482,978 in revenues and \$3,463,716 in expenditures. The General Fund's balance increased \$41,863 from 2011.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Lake Como School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Lake Como School District, the General Fund is the only fund.

## **Using this Comprehensive Annual Financial Report (CAFR) – (Continued)**

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

### **Reporting the School District as a Whole**

#### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2011-2012 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District has the following type of activity:

- Governmental activities – All of the School District's programs and services are reported here including, but not limited to, support services, general administration and pupil transportation.

### **Reporting the School District's Most Significant Funds**

#### **Fund Financial Statements**

The analysis of the School District's major (all) funds begins on Exhibit A-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District only has one major governmental fund - General Fund.

## Reporting the School District's Most Significant Funds - Continued

### Governmental Funds

The School District's activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

### The School District as a Whole

Table 1 provides a summary of the School District's net assets for the fiscal years ended 2012 and 2011.

**Table 1**  
**Net Assets**

	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Current and Other Assets	<u>\$ 54,068</u>	<u>34,006</u>
Total Assets	<u>\$ 54,068</u>	<u>34,006</u>
<b><u>Liabilities</u></b>		
Prepaid Taxes	<u>\$ 1,200</u>	<u>1,200</u>
<b><u>Net Assets</u></b>		
Restricted	\$ 63,954	55,615
Unrestricted	<u>(11,086)</u>	<u>(22,809)</u>
Total Net Assets	<u>\$ 52,868</u>	<u>32,806</u>

Table 2 shows the changes in net assets for fiscal years ended 2012 and 2011.

**Table 2**  
**Changes in Net Assets**

	<u>2012</u>	<u>2011</u>
<b><u>Revenues</u></b>		
General Revenues		
Property Taxes	\$ 2,904,685	2,847,730
Grants and Entitlements	575,616	530,483
Other	<u>2,677</u>	<u>264</u>
Total Revenues	<u>3,482,978</u>	<u>3,378,477</u>
<b><u>Program Expenses</u></b>		
Support Services:		
Tuition	3,193,505	3,189,654
General Administration	25,784	25,987
Pupil Transportation	188,707	156,611
Charter Schools	<u>33,119</u>	<u>28,026</u>
Total Expenses	<u>3,441,115</u>	<u>3,400,278</u>
Increase/(Decrease) in Net Assets	<u>\$ 41,863</u>	<u>(21,801)</u>

### **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 83% percent of revenues for governmental activities for the Lake Como Public School District for fiscal year 2012. The District's total revenues were \$3,482,978 for the fiscal year ended June 30, 2012. State Grants and Miscellaneous accounted for another 17%.

### **The School Board' Funds**

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Lake Como's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

### **The School Board' Funds – (Continued)**

As the School Board completed the fiscal year ended June 30, 2012, it reported a combined net asset balance of \$52,868. The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

### **Capital Assets**

At June 30, 2012, the School District had no capital assets.

### **Debt Administration**

At June 30, 2012, the School District had no outstanding debt.

### **Economic Factors and Next Year's Budget**

The Borough of Lake Como is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

The (\$11,086) is unrestricted net assets for all governmental activities represent the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a deficit of (\$11,086).

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Lake Como School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Ms. Loretta Hill, School Business Administrator/Board Secretary at Lake Como Board of Education, P.O. Box 569, Lake Como, NJ 07719.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

**LAKE COMO SCHOOL DISTRICT**

12.

**STATEMENT OF NET ASSETS****Exhibit A-1****JUNE 30, 2012**

	<b><u>Governmental Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>		
Receivables, Net	\$ 35,193	35,193
Restricted Assets:		
Cash	18,875	18,875
Total Assets	<u>\$ 54,068</u>	<u>54,068</u>
<b><u>Liabilities</u></b>		
Prepaid Taxes	<u>\$ 1,200</u>	<u>1,200</u>
<b><u>Net Assets</u></b>		
Restricted For:		
Other Purposes	\$ 63,954	63,954
Unrestricted	<u>(11,086)</u>	<u>(11,086)</u>
Total Net Assets	<u>\$ 52,868</u>	<u>52,868</u>

The accompanying notes to financial statements are an integral part of this statement.

**LAKE COMO SCHOOL DISTRICT**

**Exhibit A-2**

**STATEMENT OF ACTIVITIES**

**JUNE 30, 2012**

<b>Functions/Programs</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>		
	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Expenses</b>					
Support Services:					
Tuition	\$ 3,193,505		(3,193,505)		(3,193,505)
General and Business Administrative Services	25,784		(25,784)		(25,784)
Pupil Transportation	188,707		(188,707)		(188,707)
Charter School Tuition	33,119		(33,119)		(33,119)
Education Jobs	22,601	22,601	-		-
Total Government Activities	3,463,716	22,601	(3,441,115)	-	(3,441,115)
Total Primary Government	3,463,716	22,601	(3,441,115)	-	(3,441,115)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purpose, Net					
Federal and State Aid Not Restricted			2,904,685		2,904,685
Miscellaneous Income			575,616		575,616
Total General Revenues, Special Items, Extraordinary Items and Transfers			2,677		2,677
Change in Net Assets			3,482,978	-	3,482,978
Net Assets - Beginning			41,863	-	41,863
Net Assets - Ending			11,005		11,005
			\$ 52,868	-	52,868

The accompanying Notes to Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS – B**

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2012

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 18,875	18,875
Receivables from Other Governments	35,193	35,193
Total Assets	<u>\$ 54,068</u>	<u>54,068</u>
<b><u>Liabilities and Fund Balances</u></b>		
<b><u>Liabilities</u></b>		
Prepaid Taxes	<u>\$ 1,200</u>	<u>1,200</u>
<b>Fund Balances:</b>		
Assigned to:		
Other Purposes	63,954	63,954
Unassigned		
General Fund	<u>(11,086)</u>	<u>(11,086)</u>
Total Fund Balances	<u>52,868</u>	<u>52,868</u>
Total Liabilities and Fund Balances	<u>\$ 54,068</u>	
Net Assets of Governmental Activities		<u>54,068</u>

The accompanying Notes to Financial Statements are an integral part of this Statement

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCESGOVERNMENTAL FUNDSJUNE 30, 2012

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenues:		
Local Sources:		
Local Tax Levy	\$ 2,904,685	2,904,685
Miscellaneous	2,677	2,677
Total Local Sources	2,907,362	2,907,362
State Sources	575,616	575,616
Federal Sources	22,601	22,601
Total Revenues	3,505,579	3,505,579
Expenditures:		
Support Services and Undistributed Costs:		
Tuition	3,193,505	3,193,505
Pupil Transportation	188,707	188,707
General Administrative Services	25,784	25,784
Education Jobs	22,601	22,601
Charter School	33,119	33,119
Total Expenditures	3,463,716	3,463,716
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,863	41,863
Net Change in Fund Balances	41,863	41,863
Fund Balance - July 1	11,005	11,005
Fund Balance - June 30	\$ 52,868	52,868

The accompanying Notes to Financial Statements are an integral part of this statement.

**LAKE COMO SCHOOL DISTRICT****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS****Exhibit B-3****TO THE STATEMENT OF ACTIVITIES****JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	<u>\$ 41,863</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 41,863</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

LAKE COMO SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET ASSETS

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2012

	<b>Unemployment Compensation Trust</b>
Assets:	
Cash and Cash Equivalents	\$ 1,811
Total Assets	\$ 1,811
Net Assets:	
Reserved - Unemployment Claims	\$ 1,811
Total Net Assets	\$ 1,811

The accompanying Notes to Financial Statements are an integral part of this statement.

**LAKE COMO SCHOOL DISTRICT****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS****Exhibit B-8****FIDUCIARY FUNDS****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Unemployment Compensation Trust</b>
<b><u>Additions</u></b>	
Contributions:	
Plan Member	\$ 1
Total Contributions	<u>1</u>
Change in Net Assets	1
Net Assets - Beginning of Year	<u>1,810</u>
Net Assets - End of Year	<u><u>\$ 1,811</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**LAKE COMO SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1: Summary of Significant Accounting Policies**

The financial statements of the Board of Education (Board) of the Lake Como School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity:**

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The District is a non-operating District, sending all of its elementary and high school students to other districts on a tuition basis. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

**B. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**NOTE 1:      Summary of Significant Accounting Policies (Continued)**

**Governmental Fund Types**

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Proprietary Fund Type**

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

**Fiduciary Fund Types**

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**NOTE 1: Summary of Significant Accounting Policies (Continued)****C. Basis of Accounting:**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

**D. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**E. Short-Term Interfund Receivables/Payables:**

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year. There were no interfunds as of June 30, 2012.

**F. Fixed Assets**

Lake Como is a sending district only and has no fixed assets as of June 30, 2012.

**NOTE 2:      Cash and Cash Equivalents and Investments**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments**

New Jersey statutes permit the District to purchase the following types of securities:

- a.      Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b.      Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c.      Bonds or other obligations of the school district.

**NOTE 2:      Cash and Cash Equivalents and Investments (Continued)**

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	<b>Cash and Cash Equivalents</b>
Checking Accounts	\$ 18,875

**Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following category described below:

FDIC	\$ 171,876
------	------------

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2012 was \$18,785 and the bank balance was \$171,876. Of the bank balance, \$171,876 was covered by federal depository insurance.

**NOTE 3:      Pension Plans**

**Description of Plans** – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**NOTE 3:      Pension Plans (Continued)**

**Public Employees' Retirement System (PERS)** – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A, 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**Funding Policy** – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**NOTE 3:      Pension Plans (Continued)**

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

The District had no employees for the year 2011-2012.

**Three-Year Trend Information for PERS**

<b>Year Funding</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/12	\$ None	100%	0
6/30/11	None	100%	0
6/30/10	None	100%	0

**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

<b>Year Funding</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/12	\$ 2,096	100%	0
6/30/11	1,506	100%	0
6/30/10	1,443	100%	0

**NOTE 4:      Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011 there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**NOTE 5:      Contingent Liabilities**

It is the opinion of the Board that there is no litigation threatened or pending that would materially affect the financial position of the School District.

Negligence and other types of liability suits of which the Board is aware appear to be within the stated policy limits and would be deferred by the respective carriers.

**NOTE 6:      Equity Balance**

At June 30, 2012 the General Fund equity balance was as follows:

Reserved For Encumbrances	\$ 63,954
Unrestricted	<u>45,632</u>
	<u>\$ 109,586</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A: 7F-7, which identifies an amount of surplus under the statute, which must be restricted for use in the next succeeding budget. Lake Como Board of Education had none at June 30, 2012

2011-2012 Total General Fund Expenditures Per the CAFR	<u>\$ 3,463,716</u>
Adjusted 2011-2012 General Fund Expenditures	<u>\$ 3,461,620</u>
2% of Adjusted 2011-2012 General Fund Expenditures	<u>\$ 69,232</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>2,578</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 252,578</u>

**Section 2**

Total General Fund – Fund Balance @ June 30, 2012	\$ 109,586
Decreased by:	
Reserved For Encumbrances	<u>(63,954)</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 45,632</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 0</u>

**Section 3**

Reserved Fund Balance – Excess Surplus Designated for Subsequent Expenditures	<u>\$ 0</u>
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**NOTE 6: Equity Balance (Continued)****Detail of Allowable Adjustments**

Extraordinary Aid

\$ 2,578

Unrestricted is surplus not previously committed or reserved for any other purpose.

**NOTE 7: Capital Reserve Account**

Capital reserve accounts may be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account is maintained in the general fund and or special revenue fund and its activity is included in the annual budget.

The Educational Facilities Construction and Financing Act (EFCFA), P.L. 2000, c. 72, was signed into law on July 18, 2000. This law provided for the establishment of a capital reserve account within 90 days of the effective date of EFCFA (by October 15, 2000).

“A board of education may, by resolution of the board: transfer undesignated general fund balance or excess undesignated general fund balance to the capital reserve account at any time during the budget year; transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district’s long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district’s long-range facilities plan.” (N.J.S.A. 18A:7G-31c)

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district’s LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)1).

“Any capital reserve account in existence as of July 18, 2000 shall be subject to EFCFA and these regulations.” (N.J.A.C. 6:23A-5.1(j)).

As of June 30, 2012, the District had \$0 in the Capital Reserve Account.

**NOTE 8: Significant Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2012. The adoption of FASB ASC 105 did not impact the District’s financial position or results of operations.

**NOTE 8: Significant Accounting Pronouncements (Continued)**

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2012 through November 1, 2012.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

LAKE COMO SCHOOL DISTRICT

Exhibit C-1  
Sheet 1 of 4

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,904,685		2,904,685	2,904,685	-
Miscellaneous	650		650	2,677	2,027
Total Local Sources	2,905,335	-	2,905,335	2,907,362	2,027
State Sources:					
Transportation Aid	63,743		63,743	63,743	-
Equalization Aid	210,836		210,836	210,836	-
Special Education Aid	122,170		122,170	122,170	-
Security Aid	45,966		45,966	45,966	-
Adjustment Aid	93,088		93,088	124,495	31,407
Extraordinary Aid	10,014		10,014	12,592	2,578
TPAF Pension (On-Behalf-Non Budgeted)			-	2,096	2,096
Total State Sources	545,817	-	545,817	581,898	36,081
Federal Sources:					
Education Jobs		22,601	22,601	22,601	
Total Revenues	3,451,152	22,601	3,473,753	3,511,861	38,108

LAKE COMO SCHOOL DISTRICT

Exhibit C-1  
Sheet 2 of 4

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA - Regular	2,490,393	9,098	2,499,491	2,476,890	22,601
Tuition to Other LEA - Special	388,110	(7,684)	380,426	380,426	-
Tuition - County Vocational School:					
Regular	41,800	(5,675)	36,125	36,125	-
Special	26,000	2,000	28,000	28,000	-
Tuition - Special Within the State	263,195	9,031	272,226	272,064	162
Total Undistributed Expenditures - Instruction	3,209,498	6,770	3,216,268	3,193,505	22,763
Support Services - General Administration:					
Audit Fees	3,700		3,700	3,700	-
Other Purchased Technical Services	2,900	590	3,490	3,455	35
Total Support Services - General Administration	6,600	590	7,190	7,155	35
Support Services - Central Services:					
Purchased Professional Business Services	13,000	325	13,325	13,325	-
Total Support Services-Central Services	13,000	325	13,325	13,325	-
Administrative Info Technology:					
Purchased Technical Services	2,100	1,175	3,275	3,208	67

LAKE COMO SCHOOL DISTRICT

Exhibit C-1  
Sheet 3 of 4

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student Transportation Services:					
Contracted Services (Other Than Between Home and School) - Vendors	79,000	(69,203)	9,797	9,797	-
Contracted Services-Regular Students-ESCs		102,337	102,337	92,802	9,535
Contracted Services-Special Education-ESCs	6,000	77,948	83,948	76,738	7,210
Contracted Services-Aid in Lieu	844	(519)	325	325	-
Contracted Services (Between Home and School) - Joint Agreements	76,500	(67,455)	9,045	9,045	-
Total Student Transportation Services	<u>162,344</u>	<u>43,108</u>	<u>205,452</u>	<u>188,707</u>	<u>16,745</u>
TPAF Pension (On-Behalf-Non Budgeted)				2,096	(2,096)
Charter School Tuition	<u>57,610</u>	<u>22,901</u>	<u>80,511</u>	<u>33,119</u>	<u>47,392</u>
Capital Outlay:					
Facilities Grant	<u>10,465</u>	<u>(10,465)</u>	<u>-</u>		<u>-</u>
Education Jobs Fund:					
Tuition to Other LEAs		<u>22,601</u>	<u>22,601</u>	<u>22,601</u>	
Total Expenditures	<u>3,461,617</u>	<u>87,005</u>	<u>3,548,622</u>	<u>3,463,716</u>	<u>84,906</u>

LAKE COMO SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,465)	(64,404)	(74,869)	48,145	123,014
Fund Balance July 1	61,441		61,441	61,441	
Fund Balance June 30	\$ 50,976	(64,404)	(13,428)	109,586	123,014
Recapitulation:					
Assigned Fund Balances:				\$ 63,954	
Year End Encumbrances				45,632	
Unassigned Fund Balance				109,586	
Reconciliation To Government Fund Statements (GAAP):				(56,718)	
Last State Aid Payment Not Recognized on GAAP Basis					
Fund Balance Government Funds (GAAP)				\$ 52,868	

LAKE COMO SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1b

FEDERAL JOBS EDUCATION FUND

JUNE 30, 2012

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Instruction:			
Tuition to Other LEA's-18-000-100-561	<u>\$ 22,601</u>	<u>22,601</u>	<u>-</u>

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**LAKE COMO SCHOOL DISTRICT****REQUIRED SUPPLEMENTARY INFORMATION****Exhibit C-3****BUDGET-TO-GAAP RECONCILIATION****NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>General Fund</u></b>
<b><u>Sources/Inflows of Resources</u></b>	
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 3,511,861
Difference - budget to GAAP:	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	50,436
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(56,718)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 3,505,579</u>
<b><u>Uses/Outflows of Resources</u></b>	
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 3,463,716</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 3,463,716</u>

**STATISTICAL SECTION**

**(Unaudited)**

**LAKE COMO BOARD OF EDUCATION**

**NET ASSETS BY COMPONENT**

**J-1**

**LAST EIGHT FISCAL YEARS**

**UNAUDITED**

	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Governmental Activities:								
Restricted	\$ 63,954	43,462	55,615	10,465	11,751	9,865	9,565	9,565
Unrestricted	(11,086)	(32,457)	(22,809)	130,201	96,666	34,420	37,944	20,179
Total Governmental Activities	<u>\$ 52,868</u>	<u>11,005</u>	<u>32,806</u>	<u>140,666</u>	<u>108,417</u>	<u>44,285</u>	<u>47,509</u>	<u>29,744</u>

**LAKE COMO BOARD OF EDUCATION**

**CHANGES IN NET ASSETS**

**LAST EIGHT FISCAL YEARS**

J-2

**UNAUDITED**

	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:								
Governmental Activities	\$ 3,463,716	3,400,278	3,177,381	3,034,513	3,125,136	3,106,950	2,996,974	2,838,758
Net (Expense):								
Governmental Activities	3,441,115	3,400,278	3,177,381	3,034,513	3,125,136	3,106,950	2,996,974	2,838,758
General Revenues and Other Changes in Net Assets:								
Governmental Activities	3,482,978	3,378,477	3,069,521	3,066,762	3,189,268	3,103,726	3,014,739	2,801,018
Change in Net Assets:								
Governmental Activities	\$ 41,863	(21,801)	(107,860)	32,249	64,132	(3,224)	17,765	(37,740)

LAKE COMO BOARD OF EDUCATION

J-3

FUND BALANCES, GOVERNMENT FUNDS

LAST EIGHT FISCAL YEARS

UNAUDITED

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:								
Reserved	\$ 63,954	43,462	55,615	10,465	11,751	9,865	9,565	9,565
Unreserved	(11,086)	(32,457)	(22,809)	130,201	96,666	34,420	37,944	20,179
Total General Fund	<u>\$ 52,868</u>	<u>11,005</u>	<u>32,806</u>	<u>140,666</u>	<u>108,417</u>	<u>44,285</u>	<u>47,509</u>	<u>29,744</u>

**LAKE COMO SCHOOL DISTRICT**

**GOVERNMENTAL FUND EXPENDITURES BY FUNCTION**

**LAST TEN FISCAL YEARS**

J-4

**UNAUDITED**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues:</b>										
Tax Levy	\$ 2,904,685	2,847,730	2,422,294	2,422,294	2,545,601	2,447,693	2,351,521	2,177,737	2,149,004	1,851,897
Other Local Revenue	2,677	264	2,587	6,379	2,843	21,468	29,391	1,263	10,358	4,927
Federal Aid										8,953
State Aid	598,217	530,483	644,640	638,089	642,065	634,311	633,827	628,435	565,770	568,831
Total Revenues	3,505,579	3,378,477	3,069,521	3,066,762	3,190,509	3,103,472	3,014,739	2,807,435	2,725,132	2,434,608
<b>Expenditures:</b>										
Undistributed:										
Instruction	3,193,505	3,189,654	2,918,129	2,788,646	2,757,249	2,821,043	2,684,955	2,650,116	2,527,785	2,283,444
Students Support: - Special			10,076	12,544	12,669	7,870	40,418	32,621	29,375	32,088
Support Services - General Adm./Central	25,784	24,481	43,581	37,357	39,402	38,292	9,241	22,050	12,574	13,681
Student Transportation	188,707	156,611	165,998	166,061	304,448	228,719	253,142	133,971	142,495	160,461
Education Jobs	22,601									
Reimbursed TPAF Pension		1,506	1,443				-	-	-	-
Reimbursed TPAF Social Security			1,680	1,358	1,429	1,469	-	-	-	-
Total Undistributed	3,430,597	3,372,252	3,140,907	3,005,966	3,115,197	3,097,393	2,987,756	2,838,758	2,712,229	2,489,674
Special Schools:										
Transfer to Charter Schools	33,119	28,026	36,474	28,547	9,939	9,557	9,218			19,164
Total Special Schools	33,119	28,026	36,474	28,547	9,939	9,557	9,218	-	-	19,164
Total Governmental Fund Expenditures	3,463,716	3,400,278	3,177,381	3,034,513	3,125,136	3,106,950	2,996,974	2,838,758	2,712,229	2,508,838
Adjustment					(1,241)					
Net Change in Fund Balance	\$ 41,863	(21,801)	(107,860)	32,249	64,132	(3,478)	17,765	(31,323)	12,903	(74,230)

**LAKE COMO BOARD OF EDUCATION**  
**GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

39.

J-5

<b><u>Year Ended</u></b>	<b><u>Interest</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
2003	\$ -	4,927	4,927
2004		10,358	10,358
2005		1,263	1,263
2006		29,391	29,391
2007		21,468	21,468
2008		2,843	2,843
2009		6,379	6,379
2010	406	2,181	2,587
2011	264		264
2012	27	2650	2,677

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY****J-6****LAST TEN YEARS****UNAUDITED**

<b><u>Year Ended December 31,</u></b>	<b><u>Net Assessed Valuations</u></b>	<b><u>Estimated Full Cash Valuations</u></b>	<b><u>Percentage of Net Assessed to Estimated Full Cash Valuations</u></b>
<b>2002</b>	\$ 105,159,103	134,769,343	78.21%
<b>2003</b>	105,663,863	154,019,603	68.74%
<b>2004</b>	105,932,178	188,082,937	56.40%
<b>2005</b>	106,097,865	246,824,292	43.04%
<b>2006</b>	369,811,296	298,848,599	123.98%
<b>2007</b>	374,523,408	355,784,421	105.45%
<b>2008</b>	380,603,647	382,835,840	99.59%
<b>2009</b>	379,528,348	377,602,575	100.51%
<b>2010</b>	382,057,020	390,132,768	97.93%
<b>2011</b>	388,141,600	381,353,508	101.78%

**Source: Monmouth County.**

**LAKE COMO BOARD OF EDUCATION**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**PER \$100 OF ASSESSED VALUATION**  
**LAST TEN YEARS**  
**UNAUDITED**

J-7

<b><u>Assessment Year</u></b>	<b><u>School District</u></b>	<b><u>Municipal</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
<b>2002</b>	\$ 1.570	0.764	0.540	2.874
<b>2003</b>	1.761	0.743	0.571	3.075
<b>2004</b>	2.034	1.010	0.616	3.660
<b>2005</b>	2.217	0.982	0.788	3.987
<b>2006</b>	0.662	0.298	0.244	1.204
<b>2007</b>	0.680	0.351	0.026	1.291
<b>2008</b>	0.636	0.366	0.026	1.268
<b>2009</b>	0.636	0.475	0.262	1.373
<b>2010</b>	0.745	0.606	0.282	1.633
<b>2011</b>	0.748	0.611	0.290	1.649

**Source: Municipal Tax Assessor**

**SCHEDULE OF PRINCIPAL TAXPAYERS**

J-8

**FOR THE YEAR ENDED DECEMBER 31, 2011****UNAUDITED**

<b><u>Taxpayer</u></b>	<b><u>Assessed Valuation 2011</u></b>	<b><u>As a % of District's Net Assessed Valuation</u></b>
Myra Properties	\$ 2,451,600	0.64%
Zeros Enterprises	2,429,400	0.64%
Hyde Associates	2,151,800	0.56%
Taxpayer #1	2,129,800	0.56%
Taxpayer #2	1,551,800	0.41%
Dynamic Real Estate	1,534,000	0.40%
My Ben Associates	1,472,900	0.39%
Taxpayer #3	1,375,100	0.36%
Payday Raelty	1,345,700	0.35%
Taxpayer #4	1,255,100	0.33%
	<u>\$ 17,697,200</u>	<u>4.63%</u>

**Source: Municipal Tax Assessor.**

**LAKE COMO BOARD OF EDUCATION**  
**MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**  
**UNAUDITED**

J-9

<b><u>Year Ended December 31,</u></b>	<b><u>Total Tax Levy</u></b>	<b><u>Current Tax Collections</u></b>	<b><u>Percent of Tax Levy Collected</u></b>
<b>2002</b>	\$ 3,233,374	3,136,372	97%
<b>2003</b>	3,866,476	3,753,952	97%
<b>2004</b>	3,964,976	3,846,423	97%
<b>2005</b>	4,454,072	4,320,450	97%
<b>2006</b>	4,449,875	4,349,968	98%
<b>2007</b>	4,839,721	4,774,816	98%
<b>2008</b>	4,826,054	4,734,857	98%
<b>2009</b>	5,227,576	5,148,335	98%
<b>2010</b>	6,242,010	6,151,995	98%
<b>2011</b>	6,400,456	6,163,821	96%

**Source: Municipal Tax Collector.**

**LAKE COMO BOARD OF EDUCATION**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

**J-10**

Not Applicable - Lake Como has not issued any debt during the last ten fiscal years.

**LAKE COMO BOARD OF EDUCATION**  
**RATIO OF NET GENERAL BONDED DEBT**  
**TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

**J-11**

Not Applicable - Lake Como has not issued any debt during the last ten fiscal years.

**LAKE COMO SCHOOL DISTRICT**

45.

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**

J-12

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**UNAUDITED**

Not Applicable - Lake Como has not issued any debt during the last ten fiscal years.

**LAKE COMO BOARD OF EDUCATION**

46.

**COMPUTATION OF LEGAL MARGIN**

J-13

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

<b><u>Year</u></b>	<b><u>Equalized Balance</u></b>
<b>2009</b>	\$ 388,575,105
<b>2010</b>	385,249,092
<b>2011</b>	381,353,508
	<u>\$ 1,155,177,705</u>
Average Equalized Valuation of Taxable Property	\$ 385,059,235
School Borrowing Margin (4% of \$385,059,235)	\$ 15,402,369
Net Bonded School Debt as of June 30, 2012	<u>-</u>
School Borrowing Margin Available	<u>\$ 15,402,369</u>

**DEMOGRAPHIC STATISTICS**

J-14

**LAST TEN YEARS****UNAUDITED**

<b><u>Year Ended December 31</u></b>	<b><u>School District Population **</u></b>	<b><u>Personal Income</u></b>	<b><u>Per Capita Income*</u></b>	<b><u>Unemployment Rate</u></b>
2002	1,821	N/A	43,805	4.2%
2003	1,821	N/A	44,227	6.3%
2004	1,818	N/A	47,374	3.8%
2005	1,794	N/A	49,169	4.8%
2006	1,775	N/A	53,716	4.9%
2007	1,783	N/A	57,690	4.9%
2008	1,776	N/A	59,334	5.6%
2009	1,778	N/A	55,764	9.1%
2010	1,760	N/A	56,955	9.3%
2011	1,760	N/A	N/A	9.3%

\* County-Wide Statistic

\*\* As of July 1

Source: State of New Jersey.

**LAKE COMO BOARD OF EDUCATION**

48.

**PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND TEN YEARS AGO**

J-15

**2012**

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**DATA NOT AVAILABLE**

**2003**

---

**DATA NOT AVAILABLE**

**LAKE COMO BOARD OF EDUCATION**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

J-16

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012*</u>
Instruction										
Regular	-	-	-	-	-	-	-	-	-	-
Special Education	-	-	-	-	-	-	-	-	-	-
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services										
Student & instruction related services	-	-	-	-	-	-	-	-	-	-
General administration	-	-	-	-	-	-	-	-	-	-
School administrative services	-	-	-	-	-	-	-	-	-	-
Other administrative services	-	-	-	-	-	-	-	-	-	-
Central Services	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.00
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant operations & maintenance	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	-

\* - Lake Como entered into a shared services agreement with the Belmar School District

Source: District Personnel Records

**LAKE COMO BOARD OF EDUCATION**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**  
**PUPIL/TEACHER RATIO**  
**UNAUDITED**

**J-17**

Not Applicable - Lake Como is a non-operating District

**LAKE COMO BOARD OF EDUCATION**  
**BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

**J-18**

Not Applicable - Lake Como does not own a building

**LAKE COMO BOARD OF EDUCATION**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

**J-19**

Not Applicable - Lake Como does not own a building

**INSURANCE SCHEDULE****J-20****JUNE 30, 2012****UNAUDITED**

	<b><u>Coverage</u></b>	<b><u>Deductible</u></b>
Comprehensive General Liability - Hartford Insurance Co. Insurance Group B.I. and P.D.	\$ 500,000	5,000
Comprehensive Automobile Liability - Hartford Insurance Co.. Insurance Group Non Owned Auto Automobile Medical Payments	500,000 10,000	-0- -0-
Worker's Compensation - N.J. School Boards Agreement Limit	100,000 500,000	
Board Secretary/Business Administrator - Surety Bond - N.J. N.J. School Boards Assoc.	150,000	-0-
Board of Education Members Liability	1,000,000	

**Source: District Records.**

## **SINGLE AUDIT SECTION**

*Robert A. Hulsart and Company*  
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT**  
**OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE**  
**WITH GOVERNMENT AUDITING STANDARDS (NO MATERIAL**  
**WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED,**  
**NO REPORTABLE INSTANCES OF NONCOMPLIANCE OR**  
**OTHER MATTERS IDENTIFIED**

K-1

Honorable President and Members  
 of the Board of Education  
 Lake Como School District  
 County of Monmouth  
 Lake Como, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Lake Como School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated November 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

Management of the Lake Como Board of Education is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the Lake Como Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lake Como Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lake Como Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Lake Como Board of Education's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of general-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the Lake Como Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

---

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

November 1, 2012

*Robert A. Hulsart and Company*  
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
 DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
 INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
 OMB CIRCULAR A-133 (UNQUALIFIED OPINION ON COMPLIANCE;  
 NO MATERIAL WEAKENESSES OR SIGNIFICANT DEFICIENCIES IN  
 INTERNAL CONTROL OVER COMPLIANCE IDENTIFIED)**

K-2

Honorable President and Members  
 of the Board of Education  
 Lake Como School District  
 County of Monmouth  
 Lake Como, New Jersey

**Compliance**

We have audited the Board of Education of the Lake Como School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Lake Como Board of Education's major federal and state programs for the year ended June 30, 2012. Lake Como Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Lake Como Board of Education's management. Our responsibility is to express an opinion on the Lake Como Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Lake Como Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Lake Como Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Lake Como School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

### **Internal Control Over Compliance**

The management of the Board of Education of the Lake Como School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Lake Como Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lake Como Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Lake Como Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Lake Como Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Lake Como Board of Education, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

---

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

November 1, 2012

LAKE COMO SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Schedule A  
K-3

Federal Grantor/Pass-Through Grantor/Program Title U.S. Department of Education General Fund:	Federal C.F.D.A. Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	Balance at June 30, 2012	
				From	To							(Accounts Receivable)	Deferred Revenue Due to Grantor
Education Jobs Fund	84.410A	N/A	\$ 22,601	8/10/2010	9/30/2012	\$ -	-	-	(22,601)	-	-	(22,601)	-
Total Federal Financial Awards								-	(22,601)	-	-	(22,601)	-

See accompanying Notes to Schedules of Financial Assistance.

**LAKE COMO SCHOOL DISTRICT**

Schedule B  
K-4

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program/ State Department of Education	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment Repayment of Prior Years Balances	Balance at June 30, 2012		MEMO	
			From	To						Accounts Receivable	Deferred Revenue	Budgetary Receivable	Total Cumulative Expenditures
Transportation Aid	12-495-034-5120-014	\$ 63,743	7/1/2011	6/30/2012	\$ -	-	63,743	(63,743)	-	-	-	(6,375)	63,743
Special Education Aid	12-495-034-5120-089	122,170	7/1/2011	6/30/2012	-	-	122,170	(122,170)	-	-	-	(12,217)	122,170
Security Aid	12-495-034-5120-084	45,966	7/1/2011	6/30/2012	-	-	45,966	(45,966)	-	-	-	(4,594)	45,966
Adjustment Aid	12-495-034-5120-085	124,495	7/1/2011	6/30/2012	-	-	124,495	(124,495)	-	-	-	(12,450)	124,495
Equalization Aid	12-495-034-5120-078	210,836	7/1/2011	6/30/2012	-	-	210,836	(210,836)	-	-	-	(21,082)	210,836
Extraordinary Aid	11-495-034-5120-044	8,890	7/1/2010	6/30/2011	(8,890)	-	8,890	(12,592)	-	(12,592)	-	-	12,592
Extraordinary Aid	12-495-034-5120-044	12,592	7/1/2011	6/30/2012	-	-	-	(579,802)	-	(12,592)	-	(56,718)	579,802
Total State Financial Assistance					\$ (8,890)	-	576,100	(579,802)	-	(12,592)	-	(56,718)	579,802

See accompanying Notes to Financial Statements.

**BOARD OF EDUCATION**  
**LAKE COMO SCHOOL DISTRICT**  
**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE**  
**JUNE 30, 2012**

K-5

**NOTE 1:     General**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Lake Como School District. The Board of Education is defined in Note 1 to the Board's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2:     Basis of Accounting**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of program recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in the Note 1 to the Board's general-purpose financial statements.

**NOTE 3:     Relationship to General Purpose Financial Statements**

The general-purpose financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(6,282) for the general fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as presented below:

**NOTE 3:      Relationship to General Purpose Financial Statements (Continued)**

	<u>General Fund</u>
<b><u>State Assistance</u></b>	
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 523,084
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized	
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	2,096
The Last State Aid Payment is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>56,718</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 581,898</u>
<b><u>Federal Assistance</u></b>	
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 22,601
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	<u>          </u>
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 22,601</u>

**NOTE 4:      Relationship to Federal and State Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5:      Other**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012.

**LAKE COMO SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS****K-6****FOR THE FISCAL YEAR ENDED JUNE 30, 2012*****Part 1 - Summary of Auditor's Results*****Financial Statement Section****Unqualified**

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes      x   No2) Reportable conditions(s) identified that are  
not considered to be material weaknesses?\_\_\_\_\_ Yes      x   None ReportedNoncompliance material to general purpose financial  
statements noted?\_\_\_\_\_ Yes      x   No**Federal Awards**

Internal control over compliance:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes    \_\_\_\_\_ No

2) Reportable condition(s) identified that are  
not considered to be material weaknesses?

\_\_\_\_\_ Yes    \_\_\_\_\_ None Reported

Type of auditor's report issued on compliance for major programs:

N/A

Any audit findings disclosed that are required to be reported  
in accordance with section .510(a) of Circular A-133?

\_\_\_\_\_ Yes    \_\_\_\_\_ No

Identification of major programs:

**CFDA Number(s)****Name of Federal Program or Cluster**\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dollar threshold used to distinguish between type A and type B programs:

N/A

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes    \_\_\_\_\_ No

**LAKE COMO SCHOOL DISTRICT**

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**K-6**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Part 1 - Summary of Auditor's Results (Continued)**

### State Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?           x           Yes                    No

Type of auditor's report issued on compliance for major programs: Unqualified

Internal Control over major programs:

(1) Material Weakness(es) identified?                      Yes   x   No

(2) Reportable condition(s) identified that are not considered to material weaknesses?                      Yes     x     None Reported

Any audit findings disclosed that are required to be reported  
in accordance with N.J. OMB's Circular 04-04? \_\_\_\_\_ Yes   x   No

Identification of major programs:

**GMIS Number(s)**

12-495-034-5120-089

12-495-034-5120-078

12-495-034-5120-084

12-495-034-5120-085

**Name of State Program**

Special Education Aid-Cluster

Equalization Aid-Cluster	Number of Counties	Number of Counties with No Equalization Aid	Number of Counties with Equalization Aid
1	1	0	1
2	2	0	2
3	3	0	3
4	4	0	4
5	5	0	5
6	6	0	6
7	7	0	7
8	8	0	8
9	9	0	9
10	10	0	10
11	11	0	11
12	12	0	12
13	13	0	13
14	14	0	14
15	15	0	15
16	16	0	16
17	17	0	17
18	18	0	18
19	19	0	19
20	20	0	20
21	21	0	21
22	22	0	22
23	23	0	23
24	24	0	24
25	25	0	25
26	26	0	26
27	27	0	27
28	28	0	28
29	29	0	29
30	30	0	30
31	31	0	31
32	32	0	32
33	33	0	33
34	34	0	34
35	35	0	35
36	36	0	36
37	37	0	37
38	38	0	38
39	39	0	39
40	40	0	40
41	41	0	41
42	42	0	42
43	43	0	43
44	44	0	44
45	45	0	45
46	46	0	46
47	47	0	47
48	48	0	48
49	49	0	49
50	50	0	50
51	51	0	51
52	52	0	52
53	53	0	53
54	54	0	54
55	55	0	55
56	56	0	56
57	57	0	57
58	58	0	58
59	59	0	59
60	60	0	60
61	61	0	61
62	62	0	62
63	63	0	63
64	64	0	64
65	65	0	65
66	66	0	66
67	67	0	67
68	68	0	68
69	69	0	69
70	70	0	70
71	71	0	71
72	72	0	72
73	73	0	73
74	74	0	74
75	75	0	75
76	76	0	76
77	77	0	77
78	78	0	78
79	79	0	79
80	80	0	80
81	81	0	81
82	82	0	82
83	83	0	83
84	84	0	84
85	85	0	85
86	86	0	86
87	87	0	87
88	88	0	88
89	89	0	89
90	90	0	90
91	91	0	91
92	92	0	92
93	93	0	93
94	94	0	94
95	95	0	95
96	96	0	96
97	97	0	97
98	98	0	98
99	99	0	99
100	100	0	100

Security Aid-Cluster

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Adjustment Aid-Cluster

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LAKE COMO SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012*Part 2 - Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

**LAKE COMO SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS****K-6****FOR THE FISCAL YEAR ENDED JUNE 30, 2012*****Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs***

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

**FEDERAL AWARDS**

Finding: NONE

Information on the Federal Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

**STATE AWARDS**

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

LAKE COMO SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)*STATE AWARDS (Continued)Recommendation: N/AManagement's response: N/A

**LAKE COMO SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**K-7**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Prior Audit Findings:**

None